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UNCLAS SECTION 01 OF 06 CHIANG MAI 000011

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SUBJECT: BFIF REQUEST FOR CHIANG MAI, VIENTIANE, AND PHNOM PENH

REF: 07 STATE 159597

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SUMMARY

1. The Greater Mekong Subregion's North-South and East-West corridors form a "golden gateway" linking southern China and all the countries of mainland Southeast Asia. This vast market provides significant opportunities for U.S. businesses. At the heart of the Greater Mekong Subregion are three U.S. missions - Chiang Mai, Vientiane, and Phnom Penh - all of which are non-commercial presence posts. Our three posts are pleased to submit a joint request for support from the Business Facilitation Incentive Fund (BFIF). Our proposal centers on collaboratively holding a series of conferences that will bring together U.S. and regional business executives to explore the development of new opportunities in this dynamic region. We are pleased to have support in this effort from Embassy Bangkok, ConGen Chengdu, the American Chamber of Commerce in Bangkok, and the United Parcel Service. End Summary.

REQUEST FOR FUNDING

2. Consulate General Chiang Mai is pleased to submit a request for funding from the Business Facilitation Incentive Fund (BFIF) for FY2008 on behalf of the following posts: Consulate General Chiang Mai, Embassy Vientiane, and Embassy Phnom Penh. Though, as non-Commercial Service posts, our resources for business promotion and commercial outreach are limited, the eagerness of these three posts to engage in these activities both independently and cooperatively makes us strong candidates for BFIF support. Our posts appreciate the opportunities that the BFIF provides to small posts like Chiang Mai, Vientiane, and Phnom Penh, which are located at the heart of a key economic region, the Greater Mekong Subregion (GMS). Posts appreciate the Department's careful consideration of our proposed projects.

OUTLINE OF PROPOSAL

3. Because of the regional nature of economic development in mainland southeast Asia through the Greater Mekong Subregion (GMS) project, Consulate General Chiang Mai, Embassy Vientiane, and Embassy Phnom Penh have worked collaboratively to produce one BFIF proposal that includes proposed projects for the subregion and the individual posts. Posts organized this proposal as follows:

I. Proposed Collaborative Regional Projects

II. Proposed Chiang Mai Projects

III. Proposed Vientiane Projects

IV. Proposed Phnom Penh Projects

I. PROPOSED COLLABORATIVE REGIONAL PROJECTS

4. The Greater Mekong Subregional Economic Cooperation (GMS-EC) program is a regional effort among the countries and provinces of the Mekong river basin to develop infrastructure with the goal of expanding trade and growth in the region. Though transportation - specifically the development of north-south and east-west highways - is the most active component of the GMS-EC program, other components include cooperation on telecommunications, tourism, the environment, and human resource development. At the heart of the GMS-EC program are three U.S. missions - Chiang Mai, Vientiane, and Phnom Penh - which are all non-commercial posts. (Consulate General Chengdu is also active in this proposal but is a commercial-presence post and is not requesting funding.) The three non-CS posts are requesting BFIF support to host or support a series of two conferences in FY2008 in Chiang Mai and Phnom Penh and a third and final conference organized by Embassy Bangkok in FY2009. Each post will organize its respective conference as described in the following paragraphs.

5. GMS-EC Conference #1: Developing the Logistics Sector in the Greater Mekong Subregion. Consulate General Chiang Mai is pleased to request BFIF support for the first of this proposed series of conferences related to the GMS-EC program. Northern Thailand, specifically the nine most northern provinces of Chiang Mai, Chiang Rai, Phrae, Phayao, Nan, Lampang, Lamphun, Mae Hong Son, and Tak, serves as a crossroads for the

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North-South and East-West corridors of the GMS-EC program. In addition to the growth of infrastructure, a key sector that local business and government leaders expect will benefit from the GMS-EC program is logistics.

6. Post proposes, therefore, that the first of this series of conferences focus on the development of the logistics sector. Post recommends a two day conference including speakers from the public and private sectors in Thailand, China, Laos, Cambodia, and the U.S. Recommended topics from local industry leaders include human resource development, managing trade in services, logistical management of the GMS transportation network, and a case study of the logistics of the U.S.-Mexico trade relationship.

7. The estimated cost for the conference at a local hotel is \$15,260 (including \$5,260 for hotel space and coffee hours; \$6,000 for airfare for approximately 10 speakers from neighboring posts; and \$4,000 for translation services in Thai and Chinese). The United Parcel Service (UPS) has agreed to sponsor one evening reception, and the American Chamber of Commerce in Bangkok has agreed to reach out to other relevant U.S. companies for participation. Post will plan for the conference from January through mid-March, with the conference taking place March 18 and 19, just prior to the 175th anniversary of the establishment of U.S.-Thai diplomatic relations on March 20. Post will evaluate the success of this conference based on surveys conducted at the conclusion of the event.

8. GMS-EC Conference #2: Developing the Energy Sector in the Greater Mekong Subregion. Embassy Phnom Penh is pleased to request BFIF support for the second of these proposed series of conferences related to the GMS-EC program. Along with transportation networks, the GMS countries have agreed to

develop an interconnected power transmission grid which will allow GMS countries that produce surplus energy to sell it to other GMS countries, leading to business opportunities in efficient energy production and distribution.

¶9. Cambodia's electricity infrastructure is the least developed in the region, and prices for electricity are among the highest. Most electricity is generated using heavy fuel oil or diesel and costs \$0.20/Mwh in the city and up to \$1.00/Mwh in rural areas, significantly higher than in neighboring countries. Despite the high prices, demand for energy is increasing 20% annually, with high levels of economic growth putting pressure on the already overburdened system. Regionally, high levels of economic growth are also putting strain on domestic producers, who must identify new opportunities to increase production capacity. To address this problem, the Cambodian government expects to cooperate with the construction of GMS power transmission lines and is seeking \$3 billion in energy-production investment. Government leaders believe Cambodia has potential for the development of hydropower, as well as other alternative and traditional forms of power generation.

¶10. Post proposes, therefore, that the second of this series of conferences be hosted in Cambodia and focus on the development of the energy sector. Post recommends a two day conference including speakers from the public and private sectors in Cambodia, Thailand, Vietnam, China, Laos, and the U.S. Recommended topics include GMS energy needs and strategy 2008 - 2020, government procurement, GMS power generation opportunities, hydropower and other renewable energies, development and management of the GMS power transmission network, environmental issues, and a case study.

¶11. The estimated cost for the two-day conference at a local hotel is \$8,000 (including \$4,000 for hotel space and two coffee hours; and \$4,000 for airfare for approximately 10 speakers from neighboring posts). Post plans to organize one dinner hosted by a local business group. Post will plan for the conference from March through October, with the conference taking place October ¶24. Post will evaluate the success of this conference based on surveys conducted at the conclusion of the event.

¶12. Embassy Bangkok will organize a third conference to be planned in FY2009.

¶13. Embassy Vientiane requests funding to attend the conferences on Developing the Logistics Sector and Developing the Energy Sector in the Greater Mekong Region and will support both posts in finding appropriate speakers from Laos. As the "land-linked" country at the center of the GMS region, Laos and its infrastructure play a critical role in facilitating regional trade. Estimated cost for econoff and commercial LES to attend both conferences is \$3,438.

¶14. Embassy Phnom Penh requests funding to attend the conference

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Developing the Logistics Sector in the Greater Mekong Subregion and will support Consulate Chiang Mai in finding appropriate speakers from Cambodia. Cambodia, too, is a central player in the GMS transportation network, with the Southern transportation corridor connecting Saigon to Bangkok passing through Cambodia. Estimated cost for econoff and two economic/commercial LES to attend is \$2,175.

¶15. Consulate General Chiang Mai will send econoff and econLES to the conference on Developing the Energy Sector in the Greater Mekong Subregion using post funds.

¶16. Total requested regional BFIF budget is \$28,873.

II. PROPOSED CHIANG MAI PROJECTS

¶17. Consulate General Chiang Mai requests BFIF support to

conduct the following four post-specific activities:

-- Host a one-day workshop entitled "Business Skills for Entrepreneurs" for local small and medium enterprises (see paragraph #18);

-- Develop an electronic and print toolkit for potential American investors on doing business in northern Thailand (see paragraph #19);

-- Send econLES and econoff to education industry tradeshow in Washington, DC (see paragraph #20); and

-- Send econLES and econoff to Commercial Diplomacy Training in Bangkok (see paragraph #21).

¶18. Chiang Mai Project 1: "Workshop for Local Entrepreneurs." Northern Thailand is at the crossroads between an agrarian and knowledge-based economy. While the agricultural sector still dominates the economies of the 15 northern provinces, pockets of IT manufacturing in Lamphun province and services in Chiang Mai province suggest that change is on the horizon. In an effort to contribute to the evolution of the northern Thai economy, post proposes hosting a workshop entitled "Business Skills for Entrepreneurs." This one-day workshop targeting new small and medium business owners will invite lecturers from local graduate business programs and successful northern Thai small and medium enterprises as speakers. This project meets the following goal: to develop a country's export market or trade capacity. Planning period is April 14 - May 2. Invitations will be sent on May 5, and the workshop will take place on May 23. The estimated combined cost for a hotel space, two coffee hours, and honoraria for speakers is \$3,000. Post will evaluate the success of this event by three methods: (1) the number of participants, (2) the results of an evaluation completed at the end of the workshop, and (3) follow-ups with selected participants on how skills acquired at the workshop were applied in their businesses.

¶19. Chiang Mai Project 2: "Toolkit for Investing in Northern Thailand." The combined development of human capital and infrastructure in northern Thailand positions this region as a desirable, lower-cost alternative to Bangkok for foreign investment. As interest among U.S. investors in this region grows, however, so does confusion about the rules, regulations, and processes of doing business in northern Thailand. As a result, post proposes the development of an investment toolkit to assist potential U.S. investors in understanding how to do business in the region. This project meets the following goal: to increase U.S. investor awareness and confidence. Development of the toolkit will occur from March through May with the launch of the toolkit taking place by May 9. Post has recently hired an unpaid Thai intern with web-design skills to work full-time from March through May. The intern will be responsible for this project, keeping the cost low. The cost is \$600 for publication of 1,000 print copies. Post plans to evaluate the success of the toolkit through two methods: (1) tracking the number of visitors on the website and (2) soliciting feedback on the website from viewers on the value of the information provided.

¶20. Chiang Mai Project 3: "Participation in National Association of International Educators (NAFSA) Conference." As the 15 northern provinces of Thailand strive to progress to a more skills-based economy, the development of the education industry will play a major role in this region. With dozens of public and private universities in the region and student enrollment from across Thailand and Asia, technology, study abroad, and tertiary education will be key in the growth of human capital in northern Thailand. Post requests BFIF support to send econLES and econOff to Washington, DC from May 25-30 for the NAFSA trade expo and conference. Estimated cost is appx. \$6,000 (including

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appx. \$3,000 for round-trip airfare and appx. \$3,000 for per diem for two persons). Upon return to post from the conference, econLES and econFSN will compose a guidebook for future econ

teams on the education industry in the U.S. including contacts and business models.

¶21. Chiang Mai Project 4: "Participation in Commercial Diplomacy Training in Bangkok." The push for decentralizing the Thai economy out of Bangkok has led to an expansion of manufacturing, tourism, services, trade, and investment across northern Thailand. With this shift comes a greater need for commercial promotion activities locally. Chiang Mai requests funding of an estimated \$1,400 (\$400 for airfare and \$1,000 for per diem for two persons) to send one econLES and one econoff to Bangkok for Commercial Diplomacy Training in March 2007. The econ staff will apply the lessons learned from this training to other proposed local and regional projects.

¶22. Total requested BFIF budget for Consulate General Chiang Mai is \$11,000. The point of contact is Kevin Rosier (RosierKJ@state.gov).

----- III. PROPOSED VIENTIANE PROJECTS -----

¶23. Embassy Vientiane requests BFIF support to conduct the following two post-specific activities:

¶24. Vientiane Project 1: "Participation in Commercial Diplomacy Training in Bangkok." Embassy Vientiane requests funding to attend the Commercial Diplomacy Training to be held in Bangkok in March 2008. The Lao economy continues to grow at over seven percent a year; increased training will assist us in better serving and attracting future U.S. investment. Estimated cost for econoff and commercial LES for two nights/three days is approximately \$1,500.

¶25. Vientiane Project 2: "Participation in American Water Works Association (AWWA) National Conference and Expo." With over 70 dams planned for the Mekong and its tributaries within Laos, getting hydropower and related water-focused activities correct is crucial for future Lao development and environmental sustainability. As economic growth continues, more and more Lao cities and towns are also looking to develop municipal water utilities. The potential for American business, if it becomes aware of the opportunities, is considerable. Post requests BFIF support to send econoff and commercial LES to Atlanta, Georgia from June 8-12 to attend the AWWA conference and expo. Estimated cost is approximately \$6,500 (including approximately \$2,500 for round-trip airfare per person and approximately \$750 for per diem per person.) Post will use the conference as an opportunity both to inform participants about opportunities in Laos and expand Post knowledge of water industry and specific contacts to better support companies seeking to develop water projects in Laos. Post will also explore the AWWA's "Water for People" project and explore a public-private partnership to expand its operations into Laos.

¶26. Total requested BFIF budget for Embassy Vientiane is \$8,000. The point of contact is Joshua Archibald (ArchibaldJC@state.gov).

----- IV. PROPOSED PHNOM PENH PROJECTS -----

¶27. With an average rate of growth of 8.4% from 1994 - 2006, commercial opportunities in Cambodia are becoming increasingly attractive. Despite no USCS staff, in addition to one econoff, Embassy Phnom Penh hopes to have two LES staff working on economic/commercial issues in 2008, and to facilitate greater American participation in Cambodia's economic growth, Embassy Phnom Penh requests BFIF funds to perform three post-specific activities:

-- Commercial Training for econoff and two LES staff (see para #28);

-- Develop U.S. Commercial Information Section within the American Corners at local libraries (see para #29);

-- Host one day seminar for importers entitled "Made in America: How to Identify the Best Products for the Local Market" (see para #30);

¶28. Proposed Phnom Penh Project 1: "Participation in Commercial Diplomacy Training in Bangkok." Embassy Phnom Penh requests funding to attend the Commercial Diplomacy Training to be held in Bangkok in March 2008. Post has limited experience dealing with commercial issues. Increased training will assist us in

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better serving and attracting future U.S. investment. Estimated cost for econoff and two commercial LES for two nights/three days is approximately \$2,250.

¶29. Proposed Phnom Penh Project 2: "Development of U.S. Commercial Information Section Within American Corners in Local Libraries." Cambodia has three American corners situated in local libraries in Phnom Penh, Battambang, and Kampong Cham. Each American Corner features a diverse collection of English language books and materials focusing on the United States. The collections also offer poster exhibits, CDs, videotapes and access to several electronic data-bases. The American Corners host speakers, workshops and meetings, and also offers digital video conferences (DVCs) with speakers from around the world. The American Corners in Cambodia are among the most successful in the region boasting 42,000 visitors last year. To promote U.S. products and services, and to develop Cambodia's trade capacity, post requests funds to create a shelf in each American corner dedicated to U.S. commercial information as well as information about American businesses, American business leaders, entrepreneurial skills, and business educational opportunities. In addition, post requests funds to host bi-monthly contests about American businesses, in which the winners of the contests will be eligible for business-related prizes such as lunch with local American business leaders or econoffs, American products, invitations to business-related receptions, or tours of local American businesses. Post hopes to acquire 1 wooden shelf and 100 business-related books for each of the three American Corners by March 28, and begin contests following an official launch of the American Corner commercial section on March 31 in Phnom Penh, April 2 in Battambang, and April 4 in Kampong Cham. The estimated combined cost of business-related books, signage, promotional material, furniture, prizes, and transportation for the opening ceremonies is \$7,000. Post will evaluate the success of the project by (1) tracking the number of people that participate in the business contests and (2) tracking the number of people that check out business-related materials from the American Corner.

¶30. Proposed Phnom Penh Project 3: "Seminar for Cambodian importers." Embassy Phnom Penh requests BFIF funds to host a seminar done in collaboration with USCS Bangkok for Cambodian importers entitled "Made in America: How to Identify the Best Products for the Local Market." Cambodia's high levels of economic growth is leading to the emergence of a new middle class which has a strong affinity for American products. In addition, emerging tourism, construction, agriculture, and other industries provide opportunities for high-quality American products. Currently, importers are generalists, importing products in many different categories from different sources. Through strong social networks, many products are imported from Vietnam, China, and Thailand, however these products are of a low quality when compared to American products. The purpose of this seminar would be to provide strategies and motivation to Cambodian importers to identify and import American products that would be suitable for the Cambodian market. This event would meet the goal of promoting U.S. products and services. Planning period is July through August. Invitations will be sent on August 18. Four advertisements will be placed in the English-language newspapers beginning August 18. The workshop will take place on September 3. The estimated combined cost is \$2,100 (\$2,000 for hotel space, two coffee hours, and a lunch for an estimated 40 participants; \$100 for translator). Post will evaluate the success of this event by three methods: (1) the number of participants, (2) the results of an evaluation

completed at the end of the workshop, and (3) follow-ups with selected participants on how skills acquired at the workshop were applied in their businesses.

¶31. Total cost for proposed Phnom Penh BFIF projects is: \$11,350. The point of contact is LES Ruwan Hulugalle who can be contacted at hulugaller@state.gov or (855) 23 728 137.

SUMMARY OF FUNDING REQUESTS AND POINTS OF CONTACT

¶32. Consulate General Chiang Mai
- Action Officer is Kevin Rosier (RosierKJ@state.gov).
- Requested Funding is \$11,000.

¶33. Embassy Vientiane
- Action Officer is Joshua Archibald (ArchibaldJC@state.gov).
- Requested Funding is \$8,000.

¶34. Embassy Phnom Penh
- Action Officer is Ruwan Hulugalle (HulugallerR@state.gov).
- Requested Funding is \$11,350.

¶35. Regional Request is \$28,873.

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¶36. The proposal was coordinated by ConGen Chiang Mai, FCS Bangkok, Embassy Vientiane, Embassy Phnom Penh, and ConGen Chengdu.
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